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DE RUEHBUL #3571 3091734
ZNR UUUUU ZZH
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FM AMEMBASSY KABUL
TO RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 8069
RUEHC/SECSTATE WASHDC PRIORITY 2906
RUEHGV/USMISSION GENEVA PRIORITY 6770

UNCLAS KABUL 003571

SIPDIS

STATE FOR S/SRAP, SCA/A AND EEB/BTA
STATE PASS USTR FOR DELANEY AND DEANGELIS

E.O. 12958: N/A

TAGS: ETRD ECON EAID PREL PK AF

SUBJECT: COMMERCE MINISTER ADDRESSES AF-PAK TRANSIT TRADE AGREEMENT
AND WTO ACCESSION BID

REF: KABUL 3441 AND PREVIOUS

¶1. (SBU) Summary: Commerce Minister Shahrani commented briefly November 4 on the status of the Afghanistan-Pakistan Transit Trade Agreement (APTTA) and his Ministry's plans to seek World Trade Organization (WTO) membership. Shahrani said he personally proposed to the Pakistan side two sets of dates for the next round of technical talks (November 10-11 and November 16-17) and that the Pakistani negotiators were receptive to the later dates. However, President Karzai's approaching inauguration, now anticipated on November 18-19, would complicate logistics. Shahrani added he was highly flexible on the venue of talks, willing to hold them in Islamabad if Foreign Minister Spanta approves. Shahrani reported that he plans to seek Cabinet approval November 23 to present his Ministry's action plan for WTO accession to the upcoming WTO inter-ministerial in Geneva on November 30. End summary.

AF-PAK TRANSIT TRADE AGREEMENT (APTTA)

¶2. (SBU) Minister of Commerce and Industries (MOCI) Wahidullah Shahrani briefly discussed APTTA and WTO accession issues at a November 4 international donors conference devoted to reviewing progress on private sector development programs. On APTTA, Shahrani summarized the state of play: he had obtained Foreign Ministry approval October 26 to invite the Pakistan side formally to Kabul for the fourth round of technical talks and to convey the Terms of Reference (TOR) for the study of unauthorized trade (reftel). The Pakistani chief negotiator's prior commitments and the anticipated announcement of President Karzai's inauguration within the November 17-19 time frame have complicated both sets of proposed dates (Nov. 10 - 11 and Nov. 16 - 17). Shahrani noted he is flexible on the venue of the talks "since progress on APTTA is more important than its process." Accordingly, he said he was willing to hold the next round in Islamabad, if that was helpful for the Pakistan side and if Foreign Minister Spanta approved the new venue and the delegation's travel during the President's inauguration.

¶3. (SBU) In response to a question, Minister Shahrani said he remains confident the APTTA can be wrapped up by the end of 2009. He noted the APTTA is "more than 90 percent completed," with three main issues -- the transport protocol, dispute settlement, and the TOR -- still to be worked out. However, he foresees another four rounds still necessary to complete the agreement.

WORLD TRADE ORGANIZATION (WTO) ACCESSION

¶4. (SBU) Shahrani reported he plans to seek Cabinet approval November 23 to present his Ministry's action plan for WTO accession to the upcoming WTO inter-ministerial in Geneva in late November. The Ministry has completed a draft action plan and is circulating it for comments. He said the Afghan government had committed in December 2004 to seek WTO membership, but little progress had been made, chiefly because the Cabinet had repeatedly postponed debate on

the issue. Shahrani said the Cabinet prefers to defer its decision until working-level discussions had amplified the pro's and con's of the bid and set out what Afghanistan would need to agree to in order to join. While acknowledging other Ministries will be involved in any future WTO accession process, Shahrani said he is leading the effort to secure Cabinet approval for his WTO action plan and feels he has President Karzai's support. Shahrani also met with WTO Director-General Pascal Lamy in Tanzania during the LDC conference in mid-October to discuss Afghanistan's accession.

¶15. (SBU) The MOCI has constituted a WTO unit as the nucleus of an interagency negotiation team. Shahrani previously told EmbOffs Mozammil Shinwari, Head of MOCI's International Trade Department, would oversee the WTO unit. Shinwari recently completed a WTO training course in Geneva as preparation for the accession process. In addition, Shahrani is seeking Cabinet approval to appoint a Trade Envoy to Geneva, mainly to support Afghanistan's WTO bid.

COMMENT

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¶16. (SBU) Minister Shahrani spoke confidently about his APTTA and WTO initiatives, proudly citing President Karzai as their principal supporter. Shahrani is projecting an image of someone who expects to keep his portfolio, pushing a clear set of priorities designed to promote Afghanistan's economic growth and private sector development.

At the same time, the make-up of the next Karzai Cabinet is by no means certain. End comment.

EIKENBERRY